



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
KNOX COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES AND
SHERIFF'S SETTLEMENT - 2000 UNMINED COAL TAXES**

August 28, 2001

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Gerald D. West, Knox County Judge/Executive
Honorable Wilbur Bingham, Knox County Sheriff
Members of the Knox County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the Knox County Sheriff's Settlement - 2000 Taxes and 2000 Unmined Coal Taxes.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Knox County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**AUDIT EXAMINATION OF THE
KNOX COUNTY
SHERIFF'S SETTLEMENT—2000 TAXES
2000 UNMINED COAL TAXES**

August 28, 2001

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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
KNOX COUNTY
SHERIFF'S SETTLEMENT - 2000 TAXES AND 2000 UNMINED COAL TAXES

August 28, 2001

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2000 Taxes and the Sheriff's Settlement 2000 Unmined Coal Taxes for Knox County Sheriff as of August 28, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Sheriff collected net taxes of \$4,171,539 for the districts for 2000 taxes. Sheriff distributed taxes of \$4,164,987 to the districts for 2000 Taxes. Taxes of \$13 are due to the districts from the Sheriff and refunds of \$246 are due to the Sheriff from the taxing districts.

Debt Obligations:

None.

Report Comments:

None.

Deposits:

The sheriff's deposits were insured and collateralized by bank securities or bonds.

Subsequent Event:

None.

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To the People of Kentucky
Honorable Paul E. Patton, Governor
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Dana Mayton, Secretary, Revenue Cabinet
Honorable Gerald K. West, Knox County Judge/Executive
Honorable Wilbur Bingham, Knox County Sheriff
Members of the Knox County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 14, 2002

KNOX COUNTY
WILBUR BINGHAM, SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES

August 28, 2001

<u>Charges</u>	County Taxes	Special Taxing Districts	School Taxes	State Taxes
Real Estate	\$ 493,232	\$ 603,463	\$ 1,800,765	\$ 638,040
Tangible	80,792	88,515	232,672	174,845
Intangible	-	-	-	58,827
Fire Acreage	1,769	-	-	-
Supplements Bills	2,072	2,483	3,462	8,164
Oil, Gas, UND, Sand, Lm, Gr.	13,394	15,851	57,386	17,326
Total Per Sheriff's Official Receipt	\$ 591,259	\$ 710,312	\$ 2,094,285	\$ 897,202
<u>Other Taxes and Charges</u>				
Penalties & Interest	8,330	10,205	31,149	10,810
Franchise Corporation	98,616	113,486	277,002	-
Gross Chargeable to Sheriff	\$ 698,205	\$ 834,003	\$ 2,402,436	\$ 908,012
<u>Credits</u>				
Exonerations	\$ 13,418	\$ 16,023	\$ 47,870	\$ 20,431
Delinquents	47,042	57,076	177,076	64,362
Unpaid Franchise	5,353	6,097	7,399	-
Discounts	6,756	8,051	23,154	10,770
Total Credits	\$ 72,569	\$ 87,247	\$ 255,499	\$ 95,563
Net Tax Yield	\$ 625,636	\$ 746,756	\$ 2,146,937	\$ 812,449
Less: Sheriff's Commission*	26,877	30,725	85,877	34,817
Taxes Due Districts	\$ 598,759	\$ 716,031	\$ 2,061,060	\$ 777,632
Taxes Paid	597,823	714,916	2,143,455	776,613
Less: Refunds (Current & Prior Year)	933	1,112	3,480	1,260
Add: Commission Refunds From School	-	-	85,877	-
		**		
Taxes Due Districts (Refund Due Sheriff)	\$ 3	\$ 3	\$ 2	\$ (241)

The accompanying notes are an integral part of the financial statement.

KNOX COUNTY
WILBUR BINGHAM, SHERIFF
SHERIFF'S SETTLEMENT - 2000 TAXES
August 28, 2001
(Continued)

* Commissions:

10% on \$	10,000
4.25% on \$	2,159,218
4% on \$	2,146,937
1% on \$	15,623

** Special Taxing Districts

Health District	\$	(5)
Extension District		2
Soil Conservation District		3
Artemus Fire District		<u>3</u>
Due Districts or (Refund(s) Due Sheriff)	\$	<u><u>3</u></u>

The accompanying notes are an integral part of the financial statement.

KNOX COUNTY
WILBUR BINGHAM, SHERIFF
SHERIFF'S SETTLEMENT - 2000 UNMINED COAL TAXES

August 28, 2002

	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
<u>Charges</u>				
Sheriff's Official Receipt for	\$ 2,607	\$ 3,085	\$ 11,170	\$ 3,373
Penalties	<u>22</u>	<u>26</u>	<u>92</u>	<u>28</u>
Gross Chargeable to Sheriff	<u>\$ 2,629</u>	<u>\$ 3,111</u>	<u>\$ 11,262</u>	<u>\$ 3,401</u>
<u>Credits</u>				
Delinquents	174	206	747	226
Discounts	<u>29</u>	<u>34</u>	<u>122</u>	<u>37</u>
		-		
Total Credits	<u>\$ 203</u>	<u>\$ 240</u>	<u>\$ 869</u>	<u>\$ 263</u>
Net Tax Yield	\$ 2,426	\$ 2,871	\$ 10,393	\$ 3,138
Less: Sheriff's Commission*	<u>103</u>	<u>120</u>	<u>415</u>	<u>133</u>
Taxes Due Districts	\$ 2,323	\$ 2,751	\$ 9,978	\$ 3,005
Taxes Paid	2,323	2,751	10,393	3,005
Refunds Commission Refunds from School	<u>-</u>	<u>-</u>	<u>415</u>	<u>-</u>
Taxes Due Districts(Refund Due Sheriff)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Commissions:

4.25% on \$ 8,435
4% on \$ 10,393

The accompanying notes are an integral part of the financial statement.

KNOX COUNTY
WILBUR BINGHAM, SHERIFF
NOTES TO FINANCIAL STATEMENTS

August 28, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue, which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of August 28, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENTS
August 28, 2001
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 1, 2000 through August 28, 2001.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2000. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 8, 2000 through August 28, 2001.

Note 4. Interest Income

The Knox County Sheriff earned \$11,838 as interest income on 2000 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

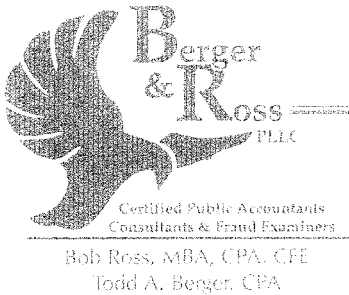
The Knox County Sheriff collected \$48,395 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Knox County Sheriff collected \$2,575 of advertising costs allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Association of Certified Fraud Examiners (ACFE)
National Association of Public Accountants (NAPAs)
National Association of Tax Professionals (NATP)
National Association of Government Auditors (NAGA)

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**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the Knox County Sheriff's Settlement - 2000 Taxes and 2000 Unmined Coal Taxes as of August 28, 2001, and have issued our report thereon dated June 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Knox County Sheriff's Settlement - 2000 Taxes and 2000 Unmined Coal Taxes as of August 28, 2001 are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Knox County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to these financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance with Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be
and should not be used by anyone other than the specified party.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
June 14, 2002

